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# CANADA GENERAL FUND/INC

## THE ANNUAL REPORT / 1965

FOR THE FISCAL YEAR ENDED AUGUST THIRTY-FIRST, NINETEEN HUNDRED SIXTY-FIVE

*Buying Service stocks*





## INVESTMENT OBJECTIVES

The Fund is designed primarily to provide investors with a means of participating in the long-term development of the Canadian economy.

The principal objective is to achieve **capital growth** by investing in securities believed to represent expanding values in productive Canadian enterprises.

As in any investment which fluctuates in value, the management of the Fund cannot, of course, assure the achievement of their objectives or eliminate risk. It is believed, however, that through informed and discriminating investment supervision, the risks of investing will be reduced and the shareholder's opportunities for a rewarding participation in Canada's expected growth will be enhanced.

## INVESTMENT RECORD

An assumed investment in one share with capital gain distributions accepted:

Year Ended 8/31	In Cash			In Additional Shares		
	Capital Gain Distributions per Share	Income Dividends per Share	Net Asset Value per Share	Cumulative Value of Shares Received as Capital Gain Distributions	Income Dividends per Share	Value of Investment in One Share
1952	\$ —	\$ —	\$ 7.53	\$ —	\$ —	\$ 7.530
1953	.073	.155	6.76	.074	.155	6.834
1954	—	.237	8.82	.094	.239	8.914
1955	—	.053	11.64	.136	.054	11.766
1956	—	—	13.54	.147	—	13.687
1957	—	—	12.80	.139	—	12.939
1958	—	—	13.30	.144	—	13.444
1959	—	—	14.89	.161	—	15.051
1960	—	—	13.29	.144	—	13.434
1961	—	—	15.90	.172	—	16.072
1962	—	—	14.56	.158	—	14.718
1963	—	.38	16.37	.177	.384	16.547
1964	—	.195	20.10	.218	.197	20.318
1965	.59*	.585*	19.95	.825	.599	20.775

\*See Supplementary Information, Notes A and B, page 14.

Income dividends retained by the Fund from November 1954 through August 1962, and capital gain distributions retained from November 1954 through August 1963.

Shares were first offered August 1, 1952 when share value was \$7.55. The cost price of an assumed investment in one share on that date including the sales charge of 8½%, as described in the Prospectus, was \$8.25.

No adjustments have been made for any income taxes payable by shareholders on capital gain distributions accepted in shares.

Figures on this page have been adjusted to reflect the merger of the original Canada General Fund with the present Fund in November 1954.

This study covers the period from August 1, 1952 to August 31, 1965. Common stock prices generally were higher at the end of the period than at the beginning. The results shown should not be considered as a representation of the dividend income or capital gain or loss which may be realized from an investment made in the Fund today.





## TO THE SHAREHOLDERS

The past twelve months have seen the Canadian economy expand at a record rate, surpassing the already substantial growth of previous years. We remind shareholders of the article from U. S. News & World Report which was enclosed with your last Quarterly Report. Entitled "Boom To The North: Canada Cashes In," it surveyed the impressive new growth unfolding throughout every sector of the economy.

Your Fund concluded its thirteenth fiscal year on August 31, 1965. As shown by the table, the value of the shares has increased approximately three times since 1952. The net asset value per share at the latest year end, after adjusting for capital gain distributions during the year, was equivalent to \$20.54. This figure compares with \$20.10 a year ago.

A semi-annual dividend of 20 cents per share was paid September 30 to shareholders of record August 31. Total dividends from income paid during 1965 were 39½ cents per share compared with 38½ cents in 1964. The latest distribution from realized capital gains, amounting to 20 cents per share, was paid September 30 to shareholders of record August 31, 1965.

At present, 35% of the shareholders are investing their dividends automatically in additional shares of the Fund through

the Cumulative Investment Program. This Program also provides a convenient way to accumulate shares systematically by mailing cash investments direct to the Fund's custodian bank.

The following pages highlight the strong position of the Canadian economy today, and how your Fund is participating in the attractive investment opportunities there.

Sincerely,

*William F. Shelley*

October 13, 1965

WILLIAM F. SHELLEY, *President*



REGULAR MEETING OF THE FUND'S OFFICERS AND DIRECTORS



## AN INVESTOR'S MAP OF CANADA

Canada today is a nation with a burgeoning industrial economy supported by a base of vast natural resources which will be developed at an accelerated pace as world demand grows.

Its growth has been demonstrated — its future is still ahead.

### CANADA AS A MAJOR WORLD PRODUCER

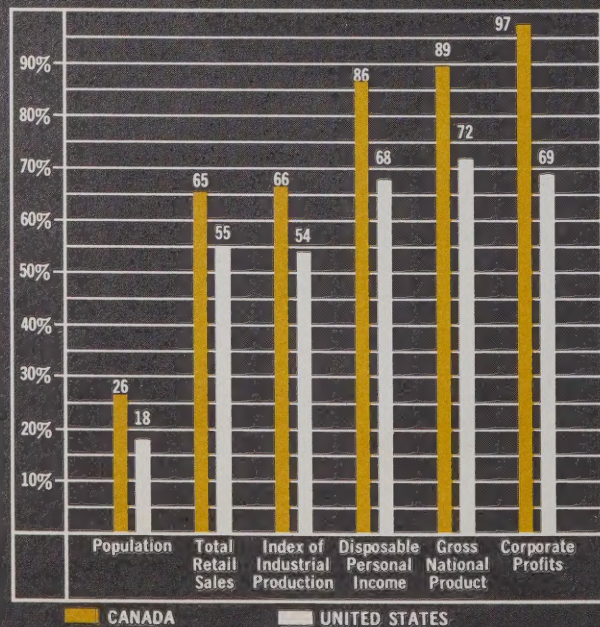
**First in:** Asbestos, Newsprint, Nickel, Platinum, Zinc

**Second in:** Cadmium, Cobalt, Gold, Sulphur, Uranium, Wood Pulp

**Third in:** Gypsum, Lead, Magnesium, Titanium

**Fourth in:** Copper, Iron, Lumber, Plywood

### COMPARATIVE GROWTH IN PAST DECADE





## RECENT DEVELOPMENTS OF PARTICULAR IMPORTANCE

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① Three of the largest hydroelectric projects ever undertaken are in progress — on the Peace, Columbia and Manicouagan rivers.





② On the Great Slave Lake, the world's largest open-pit lead and zinc mine is just starting production.

③ Development of vast potash beds deep beneath the ground is beginning. By 1970 Canada expects to lead the world in the production of potash for fertilizers.

④ Major new chemical plants will produce ammonia, nylon, acrylic resins, polyethylene and tetraethyl lead.

⑤ Planned development of vast oil reserves contained in the Athabasca Tar Sands will generate business in the hundreds of millions of dollars.



-  Concentrations of Industry, Trade and Commerce
-  Principal Mining Developments
-  Timber and Pulp Producing Areas
-  Oil and Natural Gas Fields



## INVESTMENT HOLDINGS— SHARING IN CANADIAN GROWTH

**CANADIAN SERVICE INDUSTRIES** are benefiting from population growth and a fast-rising standard of living. A good illustration is the life insurance industry where sales have increased 165% in the past decade. Retail stores and utilities have reflected similar trends. And the uniquely strong central position of the nation's banks enables them to participate in all areas of economic development—providing capital for business expansion and meeting a continually-increasing demand for installment financing.

**MANUFACTURING INDUSTRIES** are keeping pace with this rapid growth. Steel production has increased 120% since 1954 while sales of agricultural equipment, automobiles, chemicals and wood products have also risen significantly during this period.

**VAST NATURAL RESOURCES** continue to be the key to Canada's promising future. Since the varied services and manufactured products of many Canadian industries are necessarily involved in bringing raw materials to market, resource development stimulates growth throughout the entire nation. And today, private development of these resources is being accelerated by government-sponsored transportation projects which are opening up Canada's rich hinterlands.

## HOLDINGS AS OF AUGUST 31, 1965

Number of Shares		Market Value	% of Total
✓ <b>AGRICULTURAL EQUIPMENT — 1.3%</b>			
26,850	Massey-Ferguson Limited. . . . .	\$ 764,357	1.3
✓ <b>AUTOMOTIVE — 0.3%</b>			
1,700	General Motors Corporation . . . . .	168,512	.3
<b>BANKING — 13.4%</b>			
✓ 27,689	Canadian Imperial Bank of Commerce . . . . .	1,634,396	2.8
28,031	Toronto-Dominion Bank . . . . .	1,569,899	2.7
22,625	Bank of Nova Scotia . . . . .	1,551,053	2.7
18,007	Royal Bank of Canada . . . . .	1,280,498	2.2
20,593	Bank of Montreal . . . . .	1,177,256	2.0
5,502	Banque Canadienne Nationale . . . . .	361,846	.6
4,500	Trust Général du Canada, 7% Pfd. . . . .	146,928	.3
1,200	Guaranty Trust Company of Canada . . . . .	74,179	.1
✓ <b>CHEMICALS — 2.3%</b>			
3,400	E. I. du Pont de Nemours & Company . . . . .	783,700	1.4
27,524	Canadian Industries Limited . . . . .	521,298	.9
✓ <b>FINANCE — 1.5%</b>			
38,175	Industrial Acceptance Corp., Ltd. . . . .	847,224	1.5
<b>FOREST PRODUCTS — 5.3%</b>			
46,675	MacMillan, Bloedel & Powell River . . . . .	1,236,532	2.2
27,475	Consolidated Paper Corp., Ltd. . . . .	1,040,738	1.8
70,800	Abitibi Power & Paper Co., Ltd. . . . .	765,072	1.3
9,335	MacMillan, Bloedel & Powell River, 3% Pfd. . . . .	8,331	.0





Number of Shares	Market Value	% of Total
<b>INSURANCE — 8.2%</b>		
✓ 43,250 Great-West Life Assurance Company .	\$ 3,457,487	6.0
7,375 Industrial Life Insurance Company . .	1,268,264	2.2
<b>MINING — 4.0%</b>		
✓ 14,950 Consolidated Mining and Smelting, Ltd.	606,252	1.1
21,800 Aluminium Limited . . . . .	572,250	1.0
12,000 Noranda Mines, Limited . . . . .	543,791	.9
6,264 International Nickel Co. of Canada . .	538,704	.9
8,000 Campbell Chibougamau Mines Ltd. . .	30,862	.1
<b>OIL AND GAS — 12.2%</b>		
✓ 45,245 Imperial Oil Limited . . . . .	2,281,636	4.0
100,400 Dome Petroleum Limited . . . . .	1,504,907	2.6
55,625 Shell Investments Ltd., 5½ % Conv. Pfd.	1,331,445	2.3
46,600 Supertest Petroleum Corp., Ltd. . . .	909,664	1.6
16,100 British American Oil Co., Ltd. . . . .	437,752	.8
4,100 Texaco Canada Ltd. . . . .	201,993	.3
10,000 Central-Del Rio Oils Limited . . . . .	103,413	.2
1,155 Texaco Inc. . . . .	89,946	.2
8,000 Pacific Petroleums Ltd. . . . .	79,012	.1
3,000 Home Oil Company Limited, "B" . . .	52,985	.1
<b>PIPE LINES — 5.5%</b>		
✓ 37,000 Interprovincial Pipe Line Company . .	3,065,330	5.3
5,500 Westcoast Transmission Company Limited . . . . .	84,996	.2
<b>RAILROAD — 5.3%</b>		
✓ 50,500 Canadian Pacific Railway Company . .	3,074,742	5.3

Number of Shares	Market Value	% of Total
<b>STEELS — 11.7%</b>		
✓ 99,920 Dominion Foundries and Steel, Ltd. .	\$ 2,589,067	4.5
83,180 Steel Company of Canada, Ltd. . . . .	2,232,631	3.9
31,475 Algoma Steel Corporation, Limited . .	1,887,129	3.3
<b>STORES — 14.6%</b>		
134,475 Dominion Stores Limited . . . . .	3,218,806	5.6
121,400 Simpsons, Limited . . . . .	3,103,326	5.4
68,166 Shop & Save (1957) Ltd. . . . .	871,257	1.5
✓ 32,600 Loblaw Companies Limited, "B" . . . .	314,399	.5
12,000 Woodward Stores (1947), Ltd., "A" . .	283,050	.5
5,000 Steinberg's Limited, "A" . . . . .	215,541	.4
10,000 George Weston Limited, "A" . . . . .	181,264	.3
14,000 Loblaw Companies Limited, "A" . . . .	133,391	.2
10,500 Salada Foods Ltd. . . . .	109,804	.2
<b>UTILITIES — 8.7%</b>		
✓ 54,500 Great Lakes Power Corp., Ltd. . . . .	1,602,149	2.7
39,225 Nova Scotia Light and Power, Ltd. . .	1,203,242	2.1
52,240 Quebec-Telephone . . . . .	1,159,371	2.0
8,357 Bell Telephone Company of Canada . .	453,475	.8
11,590 International Utilities Corporation . .	336,674	.6
10,050 Union Gas Company of Canada, Ltd. . .	277,925	.5
<b>OTHER INDUSTRIES — 5.7%</b>		
✓ 109,313 Domtar Limited . . . . .	1,994,149	3.5
142,950 Canadian Breweries Limited . . . . .	1,146,092	2.0
4,000 Distillers Corporation-Seagrams Limited	142,222	.2
TOTAL INVESTMENTS . . . . .		\$57,622,214 100.0





## OFFICERS AND DIRECTORS

**Henry T. Vance** . . . . . Chairman of the Board  
**William F. Shelley** . . . . . President and Director  
**Robert L. Osgood** . . . . . Vice-President and Director  
**Edward F. Ryan** . . . . . Vice-President and Director  
**Maxwell C. G. Meighen** . . . . . Vice-President and Director  
**A. Bruce Matthews.** . . . . . Vice-President and Director  
**Ernest T. Skinner** . . . . . Vice-President  
**Daniel J. Ryan** . . . . . Treasurer and Clerk  
**Arthur H. Haussermann** . . . . . Assistant to the President

## OTHER DIRECTORS

(with some of their affiliations)

### **O. Kelley Anderson**

New England Mutual Life Insurance Co., President  
The Gillette Company, Director

### **Honourable Paul H. Bouffard, Q. C.**

The Royal Bank of Canada, Director  
Montreal Life Insurance Co., Director

### **John A. Fuller**

Bell Telephone Company of Canada, Director  
United States Steel Corporation, Director

### **George M. Hobart**

Consolidated Paper Corporation Limited, Chairman  
Continental Can Co. of Canada Ltd., Director

### **Dr. Oliver B. Hopkins**

Retired; formerly Vice-President and Director, Imperial Oil Limited; Director, Petroleum Division, Government of Canada

### **Kenneth L. Isaacs**

Massachusetts Investors Trust, Chairman of Board of Trustees  
Southern Pacific Company, Director

### **Vinton C. Johnson**

Century Shares Trust, Chairman of Board of Trustees  
Boston Five Cents Savings Bank, Trustee

### **Honourable Ray Lawson**

Canadian General Insurance Co., Director  
Traders Finance Corporation Limited, Director

### **William F. Morton**

State Street Investment Corp., Vice-President and Director  
Seaboard Air Line Railroad Company, Director

### **Ray E. Powell**

Aluminium Limited, Director  
McGill University, Governor

### **Joseph J. Snyder**

Massachusetts Institute of Technology, Chairman of Investment Committee and Treasurer  
Transcontinental Gas Pipe Line Corporation, Director

**In total, the Officers and Directors of Canada General Fund hold 150 directorships in major Canadian and United States companies.**





## INVESTMENT MANAGEMENT: APPRAISING THE FUTURE

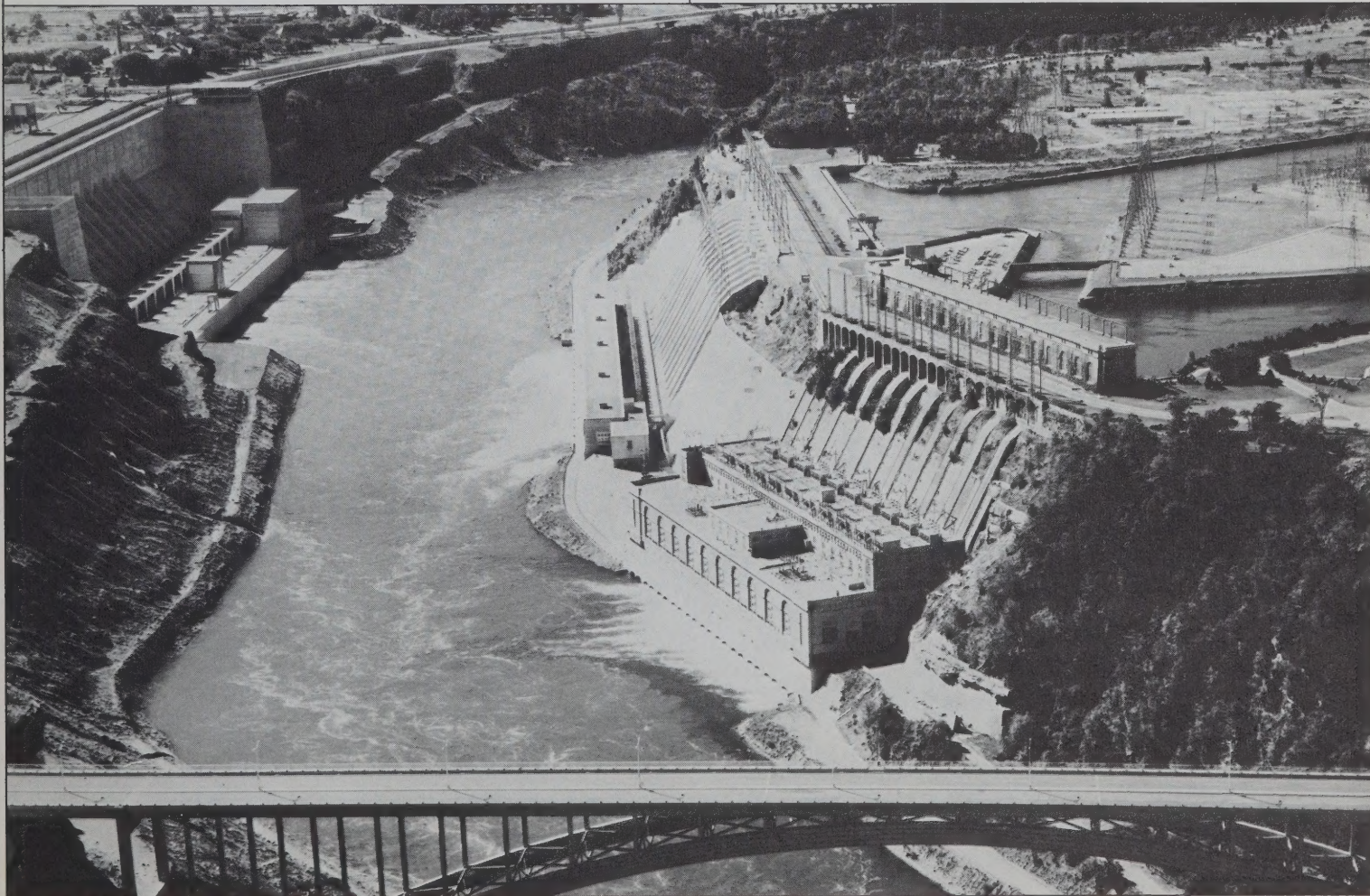
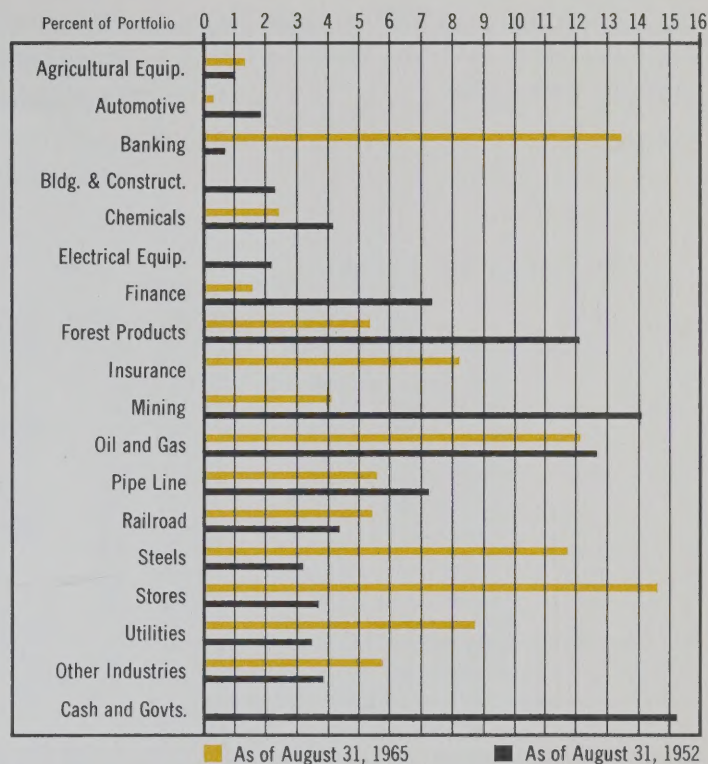
A vital objective of your management is to insure that the Fund's portfolio accurately represents, at all times, the most promising areas of investment in Canada.

The chart shows the major changes in investment emphasis which have been made since 1952. Note that substantial reductions have occurred in forest products and mining, while holdings have been increased in fast-growing service industries such as banks, retail stores and utilities. In recent years, industries like steel and insurance have demonstrated exceptional growth. Pipelines, oil and gas companies continue to be important factors in the nation's economic expansion.

The next two pages reflect the tangible investment results of these changes.

## CHANGE IN FUND'S HOLDINGS SINCE 1952

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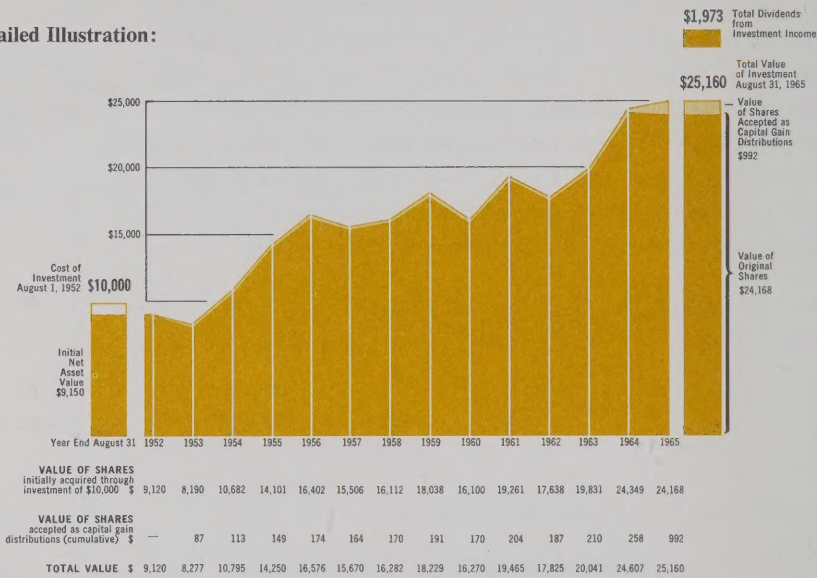


PRODUCTIVE INVESTMENT RESULTS

Had you invested, say, \$10,000 when the Fund was organized in 1952, you would have experienced these results:

Summary:	
Assumed Investment August 1, 1952	\$10,000
Value of Investment August 31, 1965	\$25,160
Total Dividends	\$ 1,973*

Detailed Illustration:



The chart and table cover the period from August 1, 1952 to August 31, 1965. Common stock prices generally were higher at the end of the period than at the beginning. The results shown should not be considered as a representation of the dividend income or capital gain or loss which may be realized from an investment in the Fund today.

The cost of the initial investment (\$10,000) includes a sales charge as described in the Prospectus. No adjustment has been made for any income taxes payable by shareholders on capital gain distributions accepted in shares. The dollar amount of capital gain distributions (at the time shares were acquired) totaled \$89 in 1953 and \$727 in 1965. Capital gains realized from November 30, 1954 through August 31, 1963 were retained and not paid out as capital gain distributions.

\*Income dividends retained by the Fund from November 1954 through August 1962.





Had you followed a regular accumulation program — investing, say, \$1,000 on August 1, 1952, then adding \$1,000 to your account on September 1 each year thereafter — here is how you would stand today:

#### Summary:

Total of Assumed Annual Investments since August 1, 1952 . . . . .	<b>\$14,000</b>
Total Income Dividends Invested . . . . .	<b>1,457*</b>
Total Cost Including Invested Dividends . . . . .	<b>\$15,457</b>
Value of Investment August 31, 1965 . . . . .	<b>\$24,748</b>

#### Detailed Illustration:

Year Ended 8/31	COST				CUMULATIVE VALUE OF SHARES ACQUIRED				
	Cumulative Annual Investments	Annual Dividends Invested*	Cumulative Dividends Invested	Total Cost Including Invested Dividends	Through Monthly Investments +	As Capital Gain Distri- butions =	Sub-Total +	From Invest- ment of Dividends =	Total Value
1952	\$ 1,000	\$ —	\$ —	\$ 1,000	\$ 912	\$ —	\$ 912	\$ —	\$ 912
1953	2,000	24	24	2,024	1,640	17	1,657	22	1,679
1954	3,000	92	116	3,116	3,333	23	3,356	122	3,478
1955	4,000	26	142	4,142	5,608	30	5,638	192	5,830
1956	5,000	—	142	5,142	7,588	35	7,623	223	7,846
1957	6,000	—	142	6,142	8,038	33	8,071	211	8,282
1958	7,000	—	142	7,142	9,302	34	9,336	220	9,556
1959	8,000	—	142	8,142	11,439	38	11,477	246	11,723
1960	9,000	—	142	9,142	11,026	34	11,060	220	11,280
1961	10,000	—	142	10,142	14,286	41	14,327	263	14,590
1962	11,000	—	142	11,142	13,920	38	13,958	241	14,199
1963	12,000	397	539	12,539	16,680	42	16,722	650	17,372
1964	13,000	217	756	13,756	21,604	52	21,656	998	22,654
1965	14,000	701	1,457	15,457	22,351	762	23,113	1,635	24,748

All results on these pages assume that capital gain distributions were accepted in additional shares. A program of regular investing does not assure a profit nor protect against depreciation in declining markets. The Fund cannot eliminate the risks of security ownership, but it does seek to reduce this risk and to enhance the shareholder's opportunity for successful investment results.

The total cost figure represents both the cumulative total of initial and annual investments plus the income dividends invested, and includes a sales charge of  $8\frac{1}{2}\%$  on all shares so purchased, as described in the Prospectus. No adjustment has been made for any income taxes payable by shareholders on capital gain distributions accepted in shares and income dividends invested. The dollar amounts of capital gain distributions accepted in shares were: 1953 — \$18; 1965 — \$700; Total — \$718.

\*Income dividends retained by the Fund from November 1954 through August 1962.



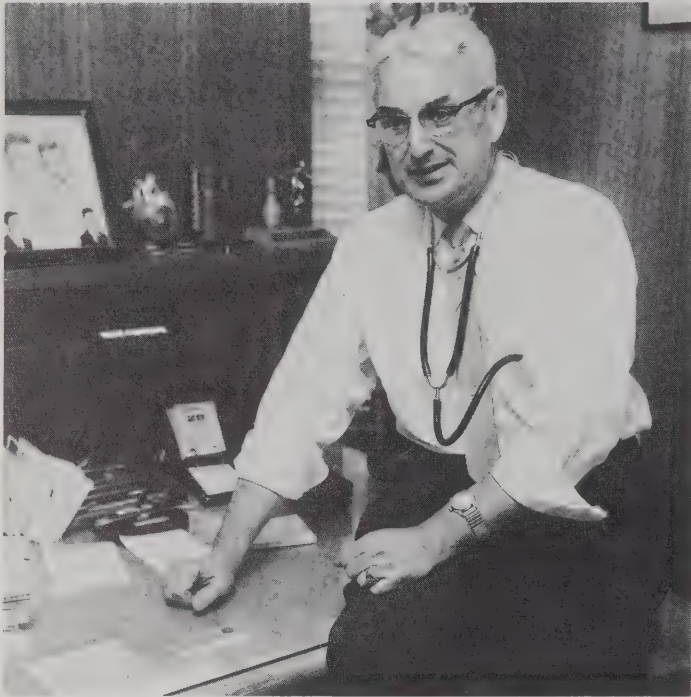


## SHAREHOLDERS AROUND THE GLOBE

The widespread interest in Canada is reflected in the Fund's shareholder list which includes investors from every section of the United States as well as from more than 50 countries around the world. In addition to individual investors, the shareholders include corporations, custodians, profit-sharing plans and trustees.

Today, the average Fund shareholding is \$4,000, while the range is from a few shares to more than 13,000 shares with a value of over \$250,000. Shareholders who each own \$50,000 or more hold shares aggregating over \$8 million, and shareholders owning \$100,000 or more hold shares worth more than \$5.5 million.

This confidence in the Fund of small and large investors alike again emphasizes its basic appeal: the opportunity to complement other investment holdings with a quality cross-section of Canada's resource wealth and industrial growth potential.



DR. J. STANLEY CARP, SHOWN HERE IN HIS SAUGUS (MASS.) OFFICE, HAS OWNED CANADA GENERAL FUND SINCE 1956 BECAUSE: "CANADA IS A FAST GROWING COUNTRY AND IT SEEMS ONLY LOGICAL TO HAVE AN INVESTMENT THERE." DR. CARP IS BUILDING UP HIS SHAREHOLDINGS REGULARLY THROUGH THE FUND'S CUMULATIVE INVESTMENT PROGRAM.





**Automatic Investment of Dividends** and voluntary additions to one's investment are possible through the Fund's Cumulative Investment Program. This flexible plan provides that:

- all dividends paid by the Fund are used to acquire additional shares and capital gain distributions are accepted automatically in additional shares for you without any further action on your part.
- additional investments of \$50 or more may be mailed at any time (monthly, quarterly or as convenient) directly to the Fund's custodian bank.

You may open a plan with \$500 or more — either in cash or in shares of the Fund valued at the offering price. You may adjust or discontinue your plan at any time without penalty.

**Statement of Intention** enables you to spread large purchases of the Fund's shares over thirteen months, yet obtain the reduced sales charge which would apply if all shares had been acquired in a single purchase. This Statement will help the investor who expects to have money to invest several times a year, or who prefers several purchases to a large investment at one price level.

**Profit Sharing Retirement Plan for Self-Employed Persons** has been approved by the Internal Revenue Service, is easy to open, and provides all of the convenient features of the Cumulative Investment Program.

The Plan provides two important features:

- *a tax deduction* each year of half the amount you set aside.
- *no taxes* on dividends and capital gains realized under your Plan during the accumulation period.

### FURTHER INFORMATION

If you would like to know more about these services, please write to Canada General Fund, Inc., 111 Devonshire Street, Boston, Massachusetts 02109, Attention: Shareholder Service.





## PRINCIPAL INVESTMENT CHANGES

Three Months Ended August 31, 1965

	Shares Held	
	May 31	August 31
Campbell Chibougamau Mines Ltd. . . . .	11,000	8,000
Charles E. Frosst & Co., "A" . . . . .	15,000	—0—
Imperial Oil Limited . . . . .	47,245	45,245
Industrial Acceptance Corp., Ltd. . . . .	40,550	38,175
Interprovincial Pipe Line Company . . . . .	38,000	37,000
Shell Investments Ltd., 5½ % Conv. Pfd. . . . .	59,625	55,625

## SUPPLEMENTARY INFORMATION

Year Ended August 31	Net Asset Value		Capital Gain Distributions	Dividends From Income
	Beginning of Year	End of Year		
1962	\$15.90	\$14.56	\$ —	\$ —
1963	14.56	16.37	—	0.380
1964	16.37	20.10	—	0.195
1965	20.10	19.95	0.590(A)	0.585(B)

### NOTES:

(A) Includes \$0.39 per share declared and paid in September, 1964, and \$0.20 per share declared in August, 1965, from net gains on investments realized during the fiscal years ended August 31, 1964, and 1965, respectively.

(B) Comprised of three semi-annual dividends, including two dividends aggregating \$0.395 per share declared from income earned during the fiscal year ended August 31, 1965, and one dividend of \$0.190 per share declared on September 2, 1964 from income earned during the fiscal year ended August 31, 1964.

Sales of investment securities aggregated \$2,821,521 during the year ended August 31, 1965. There were no purchases of securities during the year.

The investment adviser fee paid to Boston Management & Research Company, Inc., as compensation for statistical, research, and advisory services rendered to the Fund, amounted to \$224,588 during the year ended August 31, 1965. Except as to officers and directors of the Fund not affiliated with the investment adviser (see Statement of Income and Expenses), officers and directors receive remuneration for their services to the Fund from such investment adviser fee. Certain of the officers and directors of the Fund are officers and directors of Boston Management & Research Company, Inc.

During the year ended August 31, 1965, Vance, Sanders & Company, Inc., the principal underwriter, received \$26,910 from the Fund as its portion of the sales charge on sales of 43,017 shares of capital stock of the Fund, and the Fund received \$894,746, representing the aggregate net asset value of such shares. Certain of the officers and directors of the Fund are officers and directors of Vance, Sanders & Company, Inc.

## ASSETS AND LIABILITIES

August 31, 1965

### ASSETS

Investments, at market quotations (Average cost, \$32,673,695) . . . . .	\$57,622,214
Cash on demand deposit . . . . .	567,416
Receivable for capital stock sold . . . . .	4,254
Dividends receivable . . . . .	173,117
<b>TOTAL</b> . . . . .	<b>\$58,367,001</b>

### LIABILITIES

Distributions payable September 30, 1965 —	
Dividend from income (20¢ per share) . . . . .	\$572,698
Capital gain distribution (20¢ per share) . . . . .	572,698
Payable for capital stock redeemed . . . . .	87,381
Accrued expenses . . . . .	18,354
Accrued taxes . . . . .	925
	<b>1,252,056</b>

NET ASSETS (at market) — Equivalent to \$19.95 per share for 2,863,490 shares of capital stock . . . . . **\$57,114,945**

NOTE: No provision is believed necessary for Federal income tax on taxable income, including any realized net gains on investments, or on the unrealized appreciation of investments at August 31, 1965, since it is the policy of the Fund to comply with the provisions of the Internal Revenue Code available to investment companies and, in the manner provided therein, to distribute all of its taxable income, including any realized net gains on investments.

## INCOME AND EXPENSES

Year Ended August 31, 1965

DIVIDEND INCOME . . . . . **\$1,570,834**

### EXPENSES:

Investment adviser fee . . . . .	\$224,588
Compensation of officers and directors not affiliated with investment adviser . . . . .	54,500
Custodian fee . . . . .	20,833
Transfer and dividend disbursing agent fees . . . . .	43,926
Printing and postage . . . . .	25,888
Legal and auditing . . . . .	14,600
Taxes . . . . .	2,789
Miscellaneous expenses . . . . .	6,864
	<b>393,988</b>
<b>NET INCOME</b> . . . . .	<b>\$1,176,846</b>



## CHANGES IN NET ASSETS

### Year Ended August 31, 1965

NET ASSETS, August 31, 1964 (Including undistributed net income, \$547,268) . . . . . \$56,006,849

#### INCOME:

Net income . . . . .	\$1,176,846	
Add — Net amount representing participation in undistributed net income in respect of capital stock issued and redeemed . . . . .	7,992	
Total . . . . .	\$1,184,838	
Deduct — Dividends (39.5¢ per share) . . . . .	1,142,845	
Remainder . . . . .	\$ 41,993	
Dividend of 19¢ per share declared on September 2, 1964 from income earned during the year ended August 31, 1964 . . . . .	(529,184)	(487,191)

#### PRINCIPAL:

Gains or losses on investments (computed on the basis of average cost) —

Realized net gains, less \$1,033 Massachusetts excise tax applicable thereto (\$557,623 as computed for Federal income tax purposes) . . . . .	\$ 586,309	
Deduct — Distribution to shareholders (20¢ per share), payable in capital stock of the Fund or, at the option of shareholders, in cash . . . . .	572,698	
Remainder . . . . .	\$ 13,611	
Distribution of 39¢ per share declared on September 2, 1964 from net gains on investments realized during the year ended August 31, 1964 . . . . .	(1,086,220)	(1,072,609)
Increase in unrealized appreciation to \$24,948,519 . . . . .		1,150,538

Capital stock issued and redeemed (exclusive of net amount representing participation in undistributed net income) —

Proceeds (less selling commissions) from sales of 85,724 shares (including \$833,197 for 42,707 shares issued in payment of distribution from realized net gains on investments) . . . . .	\$1,723,224	
Issuance, at net asset value, of 172,437 shares in exchange for the assets of another investment corporation . . . . .	3,555,506	
Total . . . . .	\$5,278,730	
Deduct — Cost of 181,132 shares redeemed . . . . .	3,761,372	1,517,358

NET ASSETS, August 31, 1965 (Including undistributed net income, \$60,077) . . . . . \$57,114,945

( ) Denotes deduction.

## AUDITORS' REPORT

To the Board of Directors and Shareholders,  
CANADA GENERAL FUND, INC.:

We have examined the statement of assets and liabilities, including the schedule of investments, of Canada General Fund, Inc. (a Massachusetts corporation) as at August 31, 1965, the related statements of income and expenses and changes in net assets for the year ended that date, and the schedule of supplementary information. We inspected investment securities held by the custodian at August 31, 1965 and obtained confirmation of investment securities in transit at that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements, as enumerated above, including the notes thereto, present fairly the financial position of Canada General Fund, Inc. at August 31, 1965, and the results of its operations for the year ended that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MEAHL, McNAMARA & CO.  
Certified Public Accountants

Boston, Massachusetts  
September 10, 1965

#### UNDERWRITER

Vance, Sanders & Company, Inc.  
111 Devonshire Street, Boston, Massachusetts 02109

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TRANSFER AND DIVIDEND DISBURSING AGENT  
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#### PHOTOGRAPHY CREDITS

Page 2; Crawley Films Limited  
Page 6; Montreal Municipal Tourist Bureau  
Pages 7, 8, 9, 10, 11, 12 (bottom), 13, 16; National Film Board of Canada

This report is submitted for the information of the shareholders of the Fund. It is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus which includes information regarding the Fund's objectives and policies, record, management, marketability of shares, sales commission and other data.



